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To,
The Department of Corporate Services
BSE Limited
PJ Tower, Dalal Street,
Mumbai - 400 001
Scrip Code: 507526

To,
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, G Block
Bandra Kurla Complex,
Mumbai - 400 051
NSE Symbol: ASALCBR

Sub: Transcript of Investor Conference Call held on 11th August, 2023 on Earning Presentation

Dear Sir / Madam,

Pursuant to regulation 30 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 please find attached herewith transcript of Investor call held on 11th August, 2023.

A copy of the said transcript along with audio recording is also available on the website of the company www.associatedalcohols.com

This is for your information and record.

Thanking You

Yours Faithfully,
For Associated Alcohols & Breweries Limited

Sumit Jaitely
Company Secretary & Compliance Officer

Associated Alcohols And Breweries Limited
Q1 FY 2024 Earnings Conference Call,
August 11, 2023

Moderator: Ladies and gentlemen, good day, and welcome to Associated Alcohols And Breweries Limited Q1 FY'24 Earnings Conference Call hosted by Valorem Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you.

Purvangi Jain: Thank you. Good afternoon, everyone, and a very warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations Associated Alcohols and Breweries Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the first quarter for the financial year 2024. Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's concall may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to the management. Audiences are cautioned not to rely on these forward-looking statements in making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, I would like to introduce you to the management participating in today's earnings conference call and give it over to them for their opening remarks. We have with us Mr. Tushar Bhandari, Whole Time Director and Mr. Ankit Agarwal, Chief Financial Officer. Without any further delay, I now hand over to Mr. Tushar Bhandari for his opening remarks.

Tushar Bhandari: Thank you Purvangi. Good afternoon, everyone and welcome to our earnings conference call for the first quarter of financial year 2024. Let me first brief you on the operational highlights for the quarter under review, after which our CFO, Mr. Ankit Agarwal, will take you through the financials. Let me start with the macroeconomic scenario in the context of volatile global economic landscape. The liquor segment in India has shown a consistent stability with consumption pattern resilience during April to June quarter. India's economy remains a bright spot amid global uncertainties and the liquor industry's strong performance can be attributed

to cultural change and consistent demand. The recent RBI policy measures have further clustered economic stability, positive influence, consumer spending, including discretionary expenditures on alcohol beverages. With the penetration of the liquor markets still relevantly low, the outlook for the sector's short to medium term growth remains promising. Driven by the robust growth trajectory in Indian IMFL segment, the company witnessed a noteworthy year on year increase in the sale volume of the IMFL category. The company's overall revenue declined on year-on-year basis primarily due to reduction in IMIL volume streaming from a shift in government policy, the decline was partially off-set by the strong growth in our IMFL licensed brand sale which also added in the improving margins. Our primary focus to enter new geographies, launch new brands in premium category and continue to scale up distribution and visibility in the launch market. We have premium products in pipeline and expected to launch craft Gin in a month or two. The company is continuously working on increase its share in IMFL portfolio and we are happy to share that the revenue share of the companies from this segment stood at 44% in the current quarter and we are continuously striving to increase further influence in the future. We continue to face inflationary pressures on critical inputs like grain and glass. Encouragingly, glass price indicates slight early signs of decline. However, the grain prices are expected to remain at an elevated level. On the Capex front, the much-awaited ethanol facility is currently in the trial stage and we are expected to commence operation from October 23. The expansion in the bottling line is in full swing. We are expecting to commence the operation in the new bottling line in this fiscal year. Due to unaudited delay in the process and looking at the sentiment of all the stakeholders, the board has decided to withdraw the scheme of arrangement for the amalgamation of our company with Mount Everest Breweries Limited. However, I want to emphasize that this move does not affect our strategic direction to growth prospective. The choice to withdraw from the mergers emphasizes our confidence in our company's inheritance strength and capacity to achieve a desired outcome. We are now poised to leverage our existing strength for continued growth. Our strategic focus on launching premium products and expanding into the market supports our vision of sustained revenue growth without amalgamation. We decided to seize opportunities that bluster our market position and foster lasting success while staying true to our core strategy objective. I would now like to hand over the call to our CFO. Thank you and over to you Ankitji.

Ankit Agarwal:

Thank you Tusharji. Hello everyone and. Thank you for joining us on the Earning Concall today. I will start by providing an overview of the company's financial performance for first quarter FY24 after which we will move on to the question-and-answer session. In Q1 FY24, the revenue stood at INR 156 crores, a decline of 15% on a Y-o-Y basis. This is due to change in the MP government policy around IMIL segment. We reported an EBITDA of 18.5 crores with an EBITDA margin of 11.83%, an expansion of 400 basis points in comparison to Q4 FY23. A profit after tax for the quarter stood at 12.3 crores with the PAT margin of 7.8%. For those seeking more comprehensive insight into our company's performance we have uploaded the earnings presentation on both the exchanges website and our company's official website. Thank you for your attention and with that now we can open the floor for question and answers. Thank you.

Moderator: Thank you very much. Ladies and gentlemen, we will wait for a moment while the question queue assembles. First question is from the line of Harsh Shah from Dimensional Securities. Please go ahead.

Harsh Shah: Hi, good afternoon, Sir. First question is on the IMIL segment. So, what exactly were the changes by the government policies that led to such a sharp decline in the volume for the segment?

Tushar Bhandari: Good afternoon, Harsh. So, in this year in the tender, the government had limited the quantity a particular individual can take. So, in that limited quantity, whatever the highest volume was there. So, we have been able to take that kind of market share because it is a tendering process and apart from that, on a positive note side, we were able to take around a 20 to 25% increase in the price in IMIL. So, that has helped us an increase our margins also.

Tushar Bhandari: Going ahead, this will be the quarterly run rate that we can work with for this segment.

Tushar Bhandari: Yes.

Harsh Shah: Okay. So, is there a cap that the government has put in terms of how much volume you can sell I mean for every player?

Tushar Bhandari: So, in a tendering process, the government puts the cap on how much a person can supply an individually because government wants to secure its revenue also because if there is no cap and if one individual or one distiller takes the entire Madhya Pradesh state for supply and if he is not able to supply then the government revenues get affected, which has happened in the past also.

Harsh Shah: Okay and the next question is for the IMFL segment. So, while the license segment has been pretty good growth of 15 to 16% volume, the proprietary has been flattish even YoY in Q-o-Q. I mean given that we would have been launching new products and entering new market, the growth should have been much higher for our proprietary division. So, just wanted to understand their what is the reason behind this flattish kind of a performance.

Tushar Bhandari: See this sluggish kind of performance is that the industry is slightly down, especially in Madhya Pradesh. So, as per the industry we have been able to increase our market share but as a volume wise due to industry being down it is reflecting a slightly less sale but in terms of the Kerala market which we have created as one of the largest market similar on the lines of Madhya Pradesh, the volume has increases and we are expanding to new geographies which is under pipeline. So, very soon we will be entering a few other states like Goa, Pondicherry, Orissa and Assam.

Harsh Shah: Okay besides Kerala, is that you are facing some challenges in terms of ramping up your volume or you are finding it difficult to you know get the kind of spotting that you must have anticipated a year ago.

Tushar Bhandari: So, see in this I would not deny definitely it is a difficult scenario to enter into some other new markets and create a market share and to create a space from someone else's, but we have proven ourselves in few states, so we are trying to replicate in other states also like Kerala. We have last year we were the fastest company to complete 1 million cases. So, we did last year 1.2 million cases and this year we are expecting the sales to be higher. So, we have proven ourselves in one market and in Kerala we are the fourth largest player in the market right now and we are trying to replicate in certain other markets also, but the process is long in other markets of entering and labor registration and all that. So, once it is done in other states, you will try and capture and encash. So, every state has got its unique feature. So, you have to launch unique products, you have to have a different strategy plus apart from that the company is also moving right now more because looking into the consumption pattern of younger generation and more people having a disposable income and people are looking for aspirational brands. So, we have seen the market has completely moved towards premiumization. So, company has aligned its portfolio in next in next one to two quarters to launch 2-3 premium brands. So, those are under pipeline because now the advantage to companies like us is that if you have a quality, if you do quality products you can capture the market share because now consumers are open to choices. See earlier what is you have used to happen five years back if I talk that if you ask someone what do you drink, you will tell us specific brands say I drink X brand and all but now if you ask what do you drink, he will specify a category so for example, a gin, a whiskey or Rum. So, a player a person like us who is able to give a value for money and is able to give good products there is a great opportunity for players like us, so we are trying to encash on that and we have aligned our pipeline accordingly and every quarter we plan to launch one new product this year in the premium category which will help the company to improve the margins.

Harsh Shah: And last question on calling of the merger between the Mount Everest Breweries and associated so was it because of any regulatory hurdle that you were not managed to cross or was it purely because you thought that the synergistic benefit which we might have anticipated might not come through? So, just wanted to understand the thought process behind that?

Tushar Bhandari: There was no regulatory hurdles which we were not able to. There is no question of managing or not managing. It is a process and every opportunity has a time attached to it. Okay, so as you rightly said towards the end leg of your question that was it taking your too much time or it was a delay. So, as I said that due to inordinate delay. In the process we looked into a calling of the merger, but the company, which was already focused earlier, also in growth of its own brands and growth of its margin and growth of its turnover, the company is focused in that was earlier also, now also and will be there in future also. So, our focus would not change

and our more focus is towards the premiumization of the products and to launch new premium products.

Harsh Shah: Okay. Thank you so much Sir. Thank you.

Moderator: Thank you. Next question is from the line of Danesh Mistry from Investor First Advisor. Please go ahead.

Danesh Mistry: Hello good afternoon, sir and thank you for taking my question. I am just continuing the discussion of the previous caller. So, two points one is that sir, if you can help us understand what is this situation on the RM side. That is question number one then I will come to question #2 and how are we trying to address it? You mentioned grain prices etcetera, but just to understand how are we trying to address this issue now?

Tushar Bhandari: See pressure in terms of grain and the glass. Those are the major raw materials which are facing the pressure and glass we are seeing a little downward trend and as far as the grain is concerned, our plant is fungible to we can use any sort of grain whether it is rice, maize or sorghum. So, we look into the profitability and the costing point and accordingly we decide which grains to be used and accordingly we take the call so that way we will be able to support our cause and sustain our margins.

Danesh Mistry: Got it.

Tushar Bhandari: What we are trying to do is that we are trying to effectively source the grain, see something is which is not in our control. We can try and manage and mitigate the amount of impact which should be there on the balance sheet. So, what we are trying to do is that we have gone a step further. We started to buy directly from the manufacturer. Say for example rice flakes we buy, so we directly go instead of buying through the Broker you directly you started buying from the Mandis directly buying from the companies. OK, so that has helped the broker margin and reduce our cost and the biggest advantage to company is that we are debt free companies. So, we try unlike other players in the market who have long payment terms, we try to buy on a short payment term and try to take a higher discount on that and plus apart from that the government is also in a way supporting and government what government has done is government has introduced ban of rice now. So, that has that has increased the availability of rice in India. The Madhya Pradesh government has recently organized a meeting between Agriculture Department and the industries like us to encourage the production of maize. So, if the production of maize increases and so that will help in availability of maize. So, these are few things which are happening on this front and we are trying to mitigate these things and we are also trying to procure grains at the right time and the right price and we have enough silos to store that. So, we are trying to do that also. So, these are the few small steps which are taking towards the mitigation of the price increase. You know one more point I will just add to it. So, our plant is centrally located and we can take green from Chhattisgarh or Maharashtra

or within MP. So, the logistic cost or the transportation cost remain same across for all three states, availability is not an issue for us.

Danesh Mistry: Understood sir. Sir, just one more question. This is a bit of strategic in nature, but now that we have called off this merger which is there or do you think that and given the valuations of where our company is, do you think there is scope for the promoters etc. to increase their stake in the company because our growth profile is pretty good and valuations also are reasonable so just checking on that behalf sir.

Tushar Bhandari: So, see, as far as the increasing the stakes in the company for the promoter is concerned. That is not on the card as of now, but we can think of in the future. Right now, current focus on increasing our strength like expansion to meet the market requirement like ethanol is coming up Bottling line is going on we have other few projects in the pipeline to increase the facility expansion. Those are the things which we are concentrating on to increase the businesses and as far as the promoters take increase concern that is not on card as of now, but we can very well look into the future at the right time and the right valuation

See, right now the entire management, as I said earlier, also is focused in the growth and increase the margin and launching new products. So, the entire team forces and strength is on that basis, how to launch new products, how to launch new brands and which markets to enter and we are completely focused towards that at present.

Danesh Mistry: Thank you very much, Sir, and wish you the very best of luck. Thank you, Sir.

Moderator: Thank you. Next question is from the line of Manoj Bhura from Adinath Financial Service Private Limited. Please go ahead.

Manoj Bhura: Hello. Good afternoon. Myself, Manoj Bhura from Adinath Financia Services Private Limited. My question is regarding ethanol project. When the ethanol project is going to start commercial production, Sir.

Ankit Agarwal: Good afternoon Bhuraji. Bhuraji as I said the ethanol project is expected to all the trials are up in process like boiler trial, plant trial, all the trials are in process and ethanol project anytime should be up and running from 1st of October.

Manoj Bhura: Okay because in the annual report you have written that it will, it will start in the month of August.

Ankit Agarwal: So, August, August trials have already started so trial and especially commissioning a new plant and such a big plant, okay, all the trials are there, everything is there. So, that is in process. So, in August end and October we can.

Manoj Bhura: Right. My next question is recently I have heard that FCI has stopped supplying rice to ethanol manufacturing plants. Then what is our strategy in the line of that?

Ankit Agarwal: Sir, in the line of that, as I said earlier that we are into multiple grain field plants, so ethanol. So, we had also tie up with FCI for the rice, but now if the government has stopped FCI rice and now government is again reconsidering to supply for FCI rice to ethanol manufacture and government and in recent statement, government has also started procuring but what we are doing is that we are also looking at procurement of other crops. So, right now we are looking at procurement of corn which is easily available and at a price and has a better economic value in terms of conversion that we are doing. Because also government has recently announced that if an ethanol manufacturer, if manufacturing from grain would get an interim relief of ₹6 hike in the price of ethanol.

Manoj Bhura: Right. My next question is Agarwal ji is what will be our top line for this year from the ethanol business and what will be our bottom line for the ethanol business what you are projecting.

Ankit Agarwal: So, Bhuraji as far as we cannot comment on the forward-looking statement on this call. So, once this gets started, we will able to the numbers will start coming in the results and we will be able to look into that.

Manoj Bhura: Does the change in government policy anyway impact our profitability?

Ankit Agarwal: No. So, what we are targeting is see 130 KLPD is our planned capacity. So, we will be able to sell whatever we produce since there is a CAP in the supply and the demand and as far as the profitability is concerned, it is in the line or the other industry players are having in the EBITDA and the platforms will get those things and there should not be an issue with that?

Manoj Bhura: Do we have plan to divert ethanol to ENA in the near future.

Ankit Agarwal: We are targeting on ethanol facility only and we will be doing ethanol as such and we do not have any plan to switching to the ENA.

Moderator: Thank you. That's all from my side.

Manoj Bhura: Next question is from the line of Yash Modi from Ashika Group. Please go ahead.

Yash Modi: Hey, good afternoon to the team and first of all congratulations for calling off the merger. I think it had taken a lot of our time and like you said, just wanted to understand from a strategic viewpoint now that you have two separate companies, so it does not alter your initial plan of what you have written in the annual report, right of chasing more shops entering more states just as two separate companies, you will be doing that, but operationally it will be the same thing, right? Is that the correct understanding?

Tushar Bhandari: Good afternoon. Yes, as you rightly said that company and I had said earlier also the company is already looking at growth and we are aggressively looking at entering new markets and entering new products and chasing growth. So, that has always been the focus and so we are looking into that.

Yash Modi: Alright Sir and now B2B revenue is 56%. You have easily you have scaled up B2C revenues for this part of the business also like I am, I will also do 44%. So, where do we see in the next two years? Where do you intend after the premium gin that you're launching? Where do you see B2C part of the business stabilizing around? Would it be like the reverse say 60-40 in the next 2-3 years? Is it a fair assumption.

Tushar Bhandari: As we said earlier also and we are we stick to our commitment. If you have heard us years back also and two years back also, we have said that aggressively we are looking at increase in the sale of value-added products and that we have proven ourselves in last two years and we are also looking at aggressively increasing the value-added products in our portfolio and definitely we would be. We will be looking at increasing the sale of our value-added products and IMFL products and we are concentrating on that. So, the contribution towards the sale of our own IMFL products would increase substantially in the years to come.

Yash Modi: Got it sir. So, sir, historically, if we look at it, we have always been in the 16 to 18% margin, FY21 was aberration when we did 20-21% margin, so right now we are at 9 percent odd this quarter we have seen good recovery in the margin. So, when do we expect now that the brand portfolio of our business is going up when do you think. Do you think it is a fair assumption to say we will go back to our normalized run rate of margins somewhere around FY25 even if say cost pressures subside somewhat not much because obviously the brand portion will give you the extra margins. Is it a fair assumption again?

Tushar Bhandari: So, see, there are two parts attached to it. So, as far as the old days of margin, 16-18% EBITDA you are talking about. So, if you look at the prices at that time and the prices that time, if you consider that we will be standing at the same position, if you change that increase in the price, in fact give the impact of the increase in the price in the EBITDA. So, current EBITDA what we have reported of 11.8 in this quarter will be in the similar lines, but since we cannot control the commodity price, what we can do is in the increasing our operational efficiency and the increase in the sales and realization to that, we are working on and with the Increase in the premium segment products, we are confident that we will be able to reach that level in next 2 to 3 years.

Yash Modi: Sure, sure.

Tushar Bhandari: And whatever is the gain which we get from the softening of the commodity price that will flow in the bit obviously.

Yash Modi: One interesting thing that I saw from your annual report, sir, even when you were forming this plant, you have always kept it fungible to various grains. Now adding on to the previous participants question, when you said about the ethanol and the ENA capacity, I see in the annual report you have mentioned that the ethanol capacity that you have put up is also fungible in nature, in the sense that if for some reason government policy changes that ethanol plant is capable of producing ENA as well, so could you just lend some light to this CAPEX of you?

Tushar Bhandari: So, yes, the plant is capable of manufacturing both ethanol and ENA, but right now the company is purely concentrating on manufacturing ethanol in that. So, in the coming years in the in the coming years, we are concentrating on ethanol because right now the ethanol is big opportunity for the country. Right now, the blend of ethanol is only 10%. The government has strictly put a mandate by 2025 compulsorily everybody has to blend 20%. OK, so there is still a huge gap and opportunity in that. Plus, apart from that, we are located centrally in Madhya Pradesh. In Madhya Pradesh, the government is able to achieve 10%. But out of that 10% ethanol, which government is able to achieve. Still 4 to 5% is coming from other states. So, Madhya Pradesh is still ethanol deficit and there is a great opportunity in the years to come. So, we are focused on sale of ethanol only right now.

Yash Modi: Got it, got it. Congratulations for a good set of numbers and turning around the corners. I hope to see much better numbers going forward. One of the few companies of the debt free balance sheet like you said all the best. Thank you.

Moderator: Thank you. Next question is from the line of Aditya Surana from Niveshaay Investment Advisors. Please go ahead.

Aditya Surana: Good afternoon, Sir. What are the current prices of broken rice? Do you think it would be coming back to normal in the coming years, which should stop the company used in the boiler to generate steam and what is the prices of DDGS? Do you see it falling?

Tushar Bhandari: So, your question was not clear. If you can just repeat it, we cannot hear you properly.

Aditya Surana: Yeah, what are the current market price of broken rice, do you think it would be coming back in the normal year, coming back to the normal size in the coming years, which switched off the company using the boiler to generate steam and what is the pricing of DDGS? Do you do you see falling?

Tushar Bhandari: Yeah. So, as far as the rice price is concerned, current rice is around 23 rate and we expect it to come down since we are expecting a normal rice crop this year around the country. So, it should definitely come down but we cannot tell the timeline whether it will happen in six months or one year time, but it should definitely come down. As far as the prices of the DDGS is concerned, it is in the range what the company used to get, and so there is a little deduction

because there is an increase in the supply at the lot of ethanol plants are coming up. So, there is a decrease in the price as compared to the previous.

Aditya Surana: Thank you. This was from my side.

Moderator: Thank you. Next question is from the line of Priyansh, an individual investor. Please go ahead.

Priyansh: My first is question regarding this ethanol project. Since it is going to start from 1st of October, so how many months do you think to ramp up the full capacity and what is this capacity please?

Tushar Bhandari: So, good afternoon, Priyansh ji. So, to ramp up the production, is that as I said earlier that the Madhya Pradesh, there is still a huge shortage in ethanol supply. So, supply of ethanol is not an issue. So, on the on the very first initial days, we will be able to supply it and utilize the plant to the 100% capacity and our plant is at 1,25,000 liters per day capacity.

Priyansh: OK and did we already sign this purchase sale purchase agreement within OMC fee?

Tushar Bhandari: We have already applied and we have already registered ourselves for the sale purchase agreement with the BPCL and IOCL and as soon as the plant starts manufacturing it and all, we will get a purchase order from them.

Priyansh: Okay and my second question is regarding this on the on the like quantity sides like for this IMIL cases our like it is significantly 45% down. So, what steps are you taking to recover this one and since you already mentioned that you are like you will be launching new states like Goa, Orissa and all those things. So, like there are two steps here like from 167000 to it has come down to 959. So, when we will be able to recoup it and then by launching new state like how much will be gross here for IMIL cases?

Priyansh: So, see Priyansh in terms of IMIL, I am a company as a as a company. We are very clear IMIL is basically a state subject. We cannot move into other states because it is the low value product and as a state subject we are primarily into Madhya Pradesh and we hold the maximum market share in Madhya Pradesh. It is a tendering process and as I said earlier, also due to certain price due to certain policy change in the government, the volumes have gone down, but however with the down volume we will be, we were able to take a substantial price increase in IMIL product. But the company over the years has been focused in increased the sale of its IMFL products. So, that we are aggressively looking into it and we are aggressively planning to launch at least 3-4 states every year and increasing the volumes there and we are able to we are able to and we are focusing on making states like Madhya Pradesh where we hold the maximum market share in IMFL particularly to make one or two 2-3 states more in the coming years to come, Kerala we have already created. So, the volumes in Kerala is almost equivalent to the volumes what we are doing in Madhya Pradesh and we expect to increase the volume substantially there. So, similar to three states more, we are planning to concentrate and make

such a big volume state in the one or two years to come. So, that will help us increase in our own IMFL products and plus that will help us to consume the manufacturing of ENA at our in-house products.

Priyansh:

No, but like this I just would like to little bit delve here, because see this is when the IMFL has gone down by 45% on y-o-y. So, it means this business is stand alone is now almost at the breaking level or maybe incurring losses I think because 45% down is substantial #1, #2. So, first of all, since you mentioned change in the government policy. But I think it is for the lower segment of the masses. So, I think those people still consume. So, I don't understand what is in the particular change of the police government or whether it is excise duty or whatever. So, why it has gone down to like to this extent and whether other competitor in MP has also faced the same like, like kind of like this down in this the sales of IMIL.

Tushar Bhandari:

So, Priyansh, as I clearly said earlier that see this in this what the government has done is the government has limited a supply a particular company can do, and it is a tendering process. Okay, which happens every year. So, government has reduced the volume of the supply, which a particular company can do. So, over the years, we were the largest suppliers in state of Madhya Pradesh till today also we are the largest supplier in the state of Madhya Pradesh in terms of when I talk only IMIL this we are talking about IMIL. Okay. So, whatever the government maximum CAP is there. We are supplying to that much quantity.

Priyansh:

So, whether this allocation or tender, is it a discretionary like phase by the government? Because like since you are one of the largest and masses still consume, so whether they want to whether the government want to sort of reduce this monopolistic they want to distribute this quota to many companies or whether there has been any other particular reason. Did you guys you know like did you guys like have tried like what led the government to reduce our quota by 50%?

Tushar Bhandari:

So, basically what happened is that last year, when the government had a higher CAP in that also we had the maximum volume with us whatever the maximum cap of government was there, but in this, what happens in the IMIL process is that you get a supply of a particular district. So, for example, Madhya Pradesh has 52 district and I get a supply of for example Indore District, so only I will be able to supply an Indore district. Nobody else will be able to supply in the Indore district. So, that has what happened. So, last year one or two players had taken the Max, the more quantity which they could supply. So, in that what happens. So, for example an X person took an Indore district and he was not able to supply. So, the government revenue suffered drastically.

Priyansh:

So, sir like, are you taking any more action with the government level? Whatever to approach PR and to convince them that, like so that next and whenever it happens, you don't get only one Indore district, you get 3-4 district for example, understand just a thought.

Tushar Bhandari: See, that is the volume restriction that government has put and we take the regular steps and do the regular representation to the government but still I will again reiterate it is IMIL we are talking about. IMIL is a low margin product. The company is purely focused on increasing it in IMFL sale. The company would be a leading player in IMIL whatever the government policies remain, they will be. It has been a leading player since last 20 to 25 years. It will still be a leading player in IMIL, but our focus is completely on IMFL premiumization brand by getting more margins in sale of premiumization brand, we have a premium gin in pipeline. We are making a blended Scotch. We are we are in the process of making a blended Scotch. We are in the process of making an RTB. So, these products are there in pipeline and company is purely focusing on premiumization and selling its quality because the company has got its quality product to attune the basis ENA which is there. I have told earlier also. We are also exporting ENA to European markets to make Smirnoff there. So, that speaks the quality which we produce and we believe in quality and we believe in providing quality at a reasonable price to customers. That is where we are good. Our concentration is purely on.

Priyansh: Very good, very good. So, but sir like my last statement will be taking together IMIL and IMFL like how much capacity utilization like currently we are producing and what is the scope of producing a greater number of cases for example this number one, number two in this in this quarter gone like how many states did you launch IMFL but still you see the volume is static?

Tushar Bhandari: Yeah. So, what happens is that the licensing process takes time, every state. So, in India, dealing in the liquor business, every state is a different country altogether. So, you have to get license done. You have to get labor approval done. You have to get premises approval done. You have to get lot of approvals. So, that is in process of two to three other states. So, there we are doing it and as I said this year, we are planning to launch three states. They primarily being Goa, Pondicherry, Punjab and Orissa.

Priyansh: By which month, Sir?

Tushar Bhandari: and west Bengal

Priyansh: By which month, Punjab Pondicherry, which month.

Tushar Bhandari: I cannot say this month, but definitely in this financial year, these states would be launched and very soon one or two states would be launched.

Priyansh: Okay. So, like in the last quarter, did you launch in a new state in the June quarter?

Tushar Bhandari: In the last quarter, we were present, we launched not we have not launched any new states because the April is the licensing process, Okay. The April licensing process starts so all the existing license first are different preference to renew that and further, the new licenses which are which come they start in action so those now we will start happening this coming quarter.

Priyansh: Thank you, Sir. Thank you.

Moderator: Thank you. We have our next follow up question from the line of Yash Modi from Ashika Group. Please go ahead.

Yash Modi: Thank you for the opportunity again, sir. Just wanted to know more about our partnership with Diageo United Spirits. So, I think the licensed brands have done pretty well. So, if you could elaborate how are things going on, are we looking at entering more states with them as well apart from MP?

Tushar Bhandari: So, basically, yes, our relationship with Diageo has been increasing and is becoming stronger day by day. In terms of supplying ENA to them, so as I said that we are supplying ENA to them in the European markets also to make Smirnoff in European markets, our strength is increasing in terms of manufacturing, job work manufacturing also. We are setting up a new bottling hall completely for the Diageo which will increase our job work manufacturing. In terms of your specific question, in terms of entering other states with Diageo's products, we are not pretty sure right now. We are pretty sure in entering sorry in entering other states with our own products that we have more confidence on. So, we will be entering other states our own products and we will be trying to take market share of that and just apart from that, there are few other things also which are there in pipeline with Diageo and as soon as those things materialize, that will make our relationship stronger with them.

Yash Modi: Are you by any chance referring to any export led opportunities with Diageo sourcing like globally? Is that what you are referring to because apart from this, I don't know what else can be the thing.

Tushar Bhandari: So, there are other opportunities which are there, which I think within short period of time when the materialized will disclose it, but exporting is clearly in terms of ENA. We are definitely looking at exporting our own products which we have tie up with one or two players and that has also increased substantially and in the years to come we are planning to increase our overseas exports also to various countries.

Yash Modi: Sure. Thank you so much sir. All the best thanks you.

Tushar Bhandari: Thank you Yash.

Moderator: Thank you. Next question is from the line of Priyansh, an individual investor. Please go ahead.

Priyansh: Just a follow up since you mentioned that you will be launching Punjab, which is you know very much high liquor consumption state. Okay, so how this like this logistic will work out means like weather was it not be costlier to transport the liquor from MP to Punjab and then like this

number one, number two in Pondicherry like which is the lower size zone again the same thing how will you compete with the local players over there.

Tushar Bhandari:

So, Priyansh, as we said earlier that see the company makes a static decision to enter any other states. So, as we entered Kerala, so in Kerala we are not sending it from here we are getting it manufactured there itself. So, we are right now a tie up with two units there. Initially we entered with one unit. So, the advantage in that case is that the company does not have any capital expenditure in setting up of a new bottling plant or something. The company has only expenditures in terms of working capital and major portion of working capital is ENA so that we supply from our own unit so similar things we are doing in Punjab. So, we have tied up with the bottling manufacturer there. So, in that premises, we will manufacture our own products and we will be entering in that market. Definitely it is difficult to enter any new market and gain market share, but Punjab, the consumption is increasing and the consumption of quality products is also increasing substantially there. So, the company is planning to launch its quality product there and start manufacturing there and we are trying to do unique things in whichever market we enter. We try to do one or two unique things which is not the market practices, but nobody has done like for example the Kerala we launched white Brandy in the country to launch a white Brandy. The Kerala is a Brandy drinking market that clicked really well and that gave us a USB so in Punjab also one or two unique features we are trying to capture in our products that will help us give us a unique advantage. So, once with that unique advantage, our product is entered and the people consumers have confidence in the product of a particular company. The other products follow. So, that also we are doing. So, this is a strategy which we are following in entering Punjab.

Priyansh:

Just like sir it reminds me like very similar story like yours or very local brand local Indian company, Radico Khaitan. OK. Now see, this is how they have promoted how they have grabbed the markets there for their own proprietary brands and see now how it is performing excellently. So, like what strategy like, you know, like our associate is going to adapt from them or, understand from the like from this module like whatever is available on the public domain that we can also like just create value for our own brand to be in that league because see like not as an investor, but in general public now our share price is hardly 450 around that it must have been around the range of 800 to 2000 considering we have the franchise, we have the IMIL. We have our own brand. So, I'm talking more of strategic now that how to create some niche brand or any particular be it Brandy, be it vodka, be it whisky or be it in that league.

Tushar Bhandari:

Our consumption is moving towards premiumization. OK. As I said, consumers are ready and open to pick up a new brand and taste it. Okay so that gives them the opportunity of player like us who produce quality products. So, that is where we are trying to capture. So, we are trying to give to the customers and as you said there, it is difficult to enter a new market. So, one is that we are adding few unique features in our products. Second is that we are trying to give value for money to the customers. So, for example a product is there and of the similar quality the consumer is able to get at a lesser price. So, that is where we are trying to capture

the market share and enter the market. So, we are also concentrating on creating new and premium products, which you will see definitely in a years' time to come. You will see a couple of good quality premium products coming in our portfolio and we will try to gain the market share on those bases.

Priyansh:

And so like just let me put some more strategy here since we are also the franchisee of leading brands. So, whether that is not eating my own version of my own brand because see suppose if I am selling one brand of this franchise product, so the consumer is buying that and then maybe by producing franchise, maybe I am getting 10% mark up. But if instead of that suppose for example that capacity if I substitute not pull to some extent, if I shift to my own premium brand then maybe my market will be 40-50%. The thing happening in our in our other company in India for example. So, what I am the point I am trying to say. Need to be conceive or nurture any premium brand already or are we going to launch a premium brand, whether registration and everything is happened number 1 and number 2 in terms of placing in the market, how are we going to play it around? Like, since I am selling this premium also, since I am selling franchise also, I am like this my dealer distributor not buying the other one. So, it should not cross cut like it should not eat into my share of my own premium brand. This is a very strategic thing because it can. Premium brand can only take our company to the next level. Otherwise, you will be only community player. So, we have to niche out from the commodity to the premium brand. If you can spell out something more which will be really helpful Sir.

Tushar Bhandari:

So, Priyansh in this I will just say a few things is that we are concentrating on premium brands and increasing the scale of our products in other states. In terms of what you said, we are doing only franchisee of Diageo in the states of Madhya Pradesh and we have very well placed the price of our products and Diageo franchise products in a price range that every ₹5 in a particular category up or down. I just asked for Diageo's product is available. So, we are not allowing the customer to move anywhere apart from the domain of associated, be it franchisee or be it our own products that the strategy which we are falling in Madhya Pradesh so that is helping us to create the volume of our and of the franchisee brand. So, you could see the volume of both the brands increasing and secondly, in other states, wherever we are entering, we are entering with only our brands. So, that is a purely a premiumization product category, which we are doing.

Priyansh:

And this any this advertisement campaign are we considering like below the line above the line? Any this marketing activity, advertisement activity, ATL or BTL below the line or above the line for our premium brands? Are we considering or are we doing any or are you planning to do any ad compare for this one?

Tushar Bhandari:

Yeah, yeah, we are not planning to ad campaign, but we are trying to do value for money branding because in the liquor category value for money branding is very important. So, it is not necessarily that you have to appoint a big star or you have to have a big hoarding or you have to have a big picture. The primary the incentive which is to be given is to given to the

retail. 50% of the regular customers who are there, sorry, 70% of the regular customers who are there have got a particular wine shop, have got a particular salesman whom they purchased the liquor from. So, we try to influence those people, salesman, and we try to take a complete bottom-up approach. So, that helps the customer to taste our product and if the product of quality is good, the conversion happens that plus to support that on the premiumization then we are doing social media activities and other activations which you will see in the years to come.

PriyanshL

So, beautiful. All the best. Thank you. Thank you.

Moderator:

Ladies and gentlemen, this was the last question for the day. I would now like to hand over the conference to the management for the closing comments

Tushar Bhandari:

I extend my gratitude to each of you for your utter participation in this earning conference call. Our objective was to provide you with a comprehensive response to your inquiries, while also granting your valuable insight into our business operation should you have any remaining questions or a desire to develop deeper into our company interactive, I encourage you to reach out to our dedicated investor relationship manager at Valorem Advisors. Our safety and well-being are of utmost importance to us and we sincerely thank you for your time. Stay secure and good health. Thank you. Thanks for your participation. Thank you.

Moderator:

Thank you very much. On behalf of Associated Alcohols and Breweries Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.